

FINANCE COMMITTEE REPORT

November 1, 2011

A Finance Committee meeting was held Tuesday, November 1, 2011 at 5:30 p.m. in the County Administration Building, Quorum Court Meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Winscott, Allen, Jones, Douglas, Curry, Moore, J. Harrison

Others Present: County Judge Bob Clinard, JP Hawkins, County Clerk Tena O'Brien, County Attorney George Spence, Comptroller Richard McComas, Accounting Manager Sarah Daniels, Grants Administrator Richard Redfearn, Administrator of General Services Elizabeth Bowen, Administrator of Public Safety Marshal Watson, D.E.M. Director Robert McGowen

Tom Sissom – Benton County Daily Record

Chair JP Allen called the meeting to order.

1. Grants Administrator Report

Grants Administrator Richard Redfearn reported that: 1) Benton County has completed the 3rd Quarter Federal Grants reporting process; 2) the Rocky Branch VFD is requesting that the County Judge apply for grant to the Arkansas Department of Rural Services – Rural Community Development Grant to purchase a propane emergency generator, with a \$6,605.59 match from the Rocky Branch VFD; 3) an application for NEBCO VFD GIF grant for \$50,000 to purchase a replacement pumper to update current equipment has been completed.

JP Douglas made motion to forward a resolution request for a grant application for the Rocky Branch VFD to the November 8, 2011 Committee of Thirteen agenda with a do pass recommendation, seconded by JP Jones.

Motion passed by unanimous show of hands vote.

Richard Redfearn also reported that the Arkansas Economic Development Administration –Arkansas Energy Office –CNG Fueling Station grant application has been made and that as of closing date, Benton County is the only county to complete an application; the ACEDP – Septic Repair Grant lacks one installation site for completion; an ADEM Hazard Mitigation Grant for the Pea Ridge School System has been awarded and the project is nearing competition; an AEDC – Disaster Relief Funds grant has been awarded to Springtown for a bridge over Flint Creek on Aubrey Road; and a Department of Justice – Safe Havens Supervised Visitation Grant has been awarded.

Richard Redfearn presented a power-point presentation on Financial Model for the proposed Benton County CNG Fueling Station, listing the following advantages:

1. It is economical
 - Current unleaded gasoline price = \$3.21 per gallon (County price)
 - Projected price for GGE of CNG = \$1.07 per GGE (gallon of gasoline equivalent)

- World oil supply-and-demand will increase for gasoline at a faster rate than increases for Natural Gas
- 2. It is an American fuel, with a sustainable supply
 - Natural Gas supply projected to be stable for the next 115 +years
- 3. It is cleaner than gasoline or diesel
 - Stricter EPA emissions requirements will be costly to attain using oil-based fuels
- 4. Good fit with Benton County's Mission Statement "...to provide, in a fiscally responsible manner, the infrastructure necessary for balanced growth, prosperity, and quality of life".

He added that the financial model assumptions were:

1. Only gasoline engines are considered for conversion
2. Pricing starts at \$3.21 per gallon for unleaded gasoline, \$1.07 per GGE – gasoline increases to \$5.21 10 years into the project, CNG increase to \$1.97 GGE.
3. Assume average gasoline consumption is 205,000 gallons a year.
4. Average conversion cost = \$5,000 per vehicle – this assumes we will be able to apply rebates, tax credits, etc. to defray conversion costs.
5. Sheriff Department vehicles are phased in slowly, in years 3, 4, and 5. All conversions completed by end of year 5 – 90 vehicles total.

Richard Redfearn presented three graphs showing the 1) Net annual savings; 2) cumulative savings; 3) Gross delta costs.

Lengthy discussion was held on the Arkansas Energy Office - CNG Fueling Station program financial model advantages of CNG conversion, savings, and costs.

County Judge Bob Clinard stated that this CNG Fueling Station financial model does not include: 1) Consideration for diesel conversion, which is a big part of the county's consumption; 2) Converting a recent model to CNG is a three (3) year payback.

He added that Benton County is one of 75 counties in Arkansas, and that in 2009 the United States spent \$13 billion for fuel, and that money was sent to countries where we are fighting wars, and they should not discount the fact that this is a national security issue. He stated that North America has 70% of the world's natural gas supply. He stated that CNG engines take one-third of the maintenance of gasoline-powered engines, and is 5 times cleaner than gasoline and 14 times cleaner than diesel. He added that instead of servicing a CNG engine every 5,000 miles, they only need to be serviced every 15,000 miles. He stated that the CNG Grant is for a public/private CNG fuel station, and that Benton County could make some type of profit from outside sales.

JP Moore stated that he is generally against converting diesels engines because of a tremendous loss of power compared to a compression engine.

County Judge Bob Clinard stated that current information from the CNG industry states that they have conversion rates that produce the same BTU's as gasoline or diesel.

JP Moore added that proposed emission requirements for off-road diesel equipment will require them to be very efficient, and that is going to increase our costs of running diesel engines.

Richard Redfearn stated that there are private companies that the county could partner with, and the county match can be fulfilled with labor costs and the use of the county's own equipment. He added that no action is needed until the award is granted, at which point the county would have up to 30 days to decide whether or not to accept the award.

2. Appropriation Ordinance Requests (Additional Funds) EMS Analysis

County Attorney George Spence stated there are three ways to purchase the consulting services that Marshal Watson is proposing for the Emergency Medical Services Operation study for the unincorporated areas of Benton County, Arkansas: 1) Buy as a bid item, as it applies to commodities; 2) Purchase as professional services; 3) Consider the study as a personal service, because it is so personalized it cannot be duplicated as a commodity.

Administrator of Public Safety Marshal Watson presented the Emergency Medical Services Operational Study of Unincorporated Areas Benton County, Arkansas. He stated that currently there are eight Emergency Medical Service Districts throughout Benton County. He added that the documentation presented is from the year 2010. He stated in 2010, there were 1,800 calls for service. He added that roughly 10% of the countywide call volume falls within unincorporated Benton County, and that Benton County is providing a minimal subsidy of \$100,000 to the entities providing ambulance service, and he will be requesting an increase in that amount to \$150,000 for 2012. He stated that potential solutions for providing EMS services are: 1) Contractual services with existing providers; 2) a County-based EMS Service, which appears to be a difficult option, and those who use it currently have told him that in the future their services may be taken over by a municipality; and 3) Outsourcing to a non-profit service.

He stated that currently NEBCO collects a fee from its members, which provides the revenue to partially support the EMS service, and one solution would be to establish a similar Emergency Medical Service District for the entire unincorporated area of Benton County. He added that another possibility would be a countywide millage to support Emergency Medical Services. He added that dispersing models could be: 1) Per Capita Assessment, with a cost to be applied to the county, based on populations according to the most recent census; 2) Per-transport Assessment, such as the \$400 transport fee charged to the City of Lowell and City of Bethel Heights by the City of Springdale.

Discussion was held on the potential solutions for providing Emergency Medical Service (EMS) to the unincorporated areas of Benton County.

Marshal Watson stated that Gary Ludwig of Ludwig Group, LLC, of Hillsboro, Missouri is a nationally recognized Fire and EMS expert, and is currently the Deputy Fire Chief of the Memphis Fire Department. He added that Ludwig is well known among the firefighting and EMS professions, and that they have a very positive image of his services and his knowledge. He stated that he would like for Benton County to fund a study to implement an EMS program for Benton County.

Marshal Watson stated that the City of Bentonville has notified Benton County, the cities of Cave Springs, Centerton, and Highfill, and XNA, that they are requesting a total of \$281,000 in payments for EMS services. He added that this is not just about paying Bentonville; we could also be asked to pay Rogers, Siloam Springs, Bella Vista, Gravette, and Pea Ridge, as they are also providing service to residents of the unincorporated areas of Benton County.

JP Moore stated that the county getting its own numbers may be more desirable than relying on someone else's, and that doing a study may be in Benton County's best interests.

Marshal Watson stated that XNA, Highfill, Cave Springs, and Centerton have all agreed to participate in the cost of the study. He stated that the county would pick up \$15,000 and the other \$15,000 would be prorated among those entities that have expressed interest to participate.

JP Winscott stated that the study that the City of Bentonville had provided was fully burdened for their costs. He stated that he had asked the City of Bentonville for out-of-pocket costs, and they would not agree.

JP Douglas stated that the City of Bentonville had pro-rated the costs of their total ambulance service budget.

JP Douglas made motion to forward the appropriation ordinance request for an EMA Analysis to the November 8, 2011 Committee of Thirteen agenda with a do pass recommendation, seconded by JP J. Harrison.

Motion passed by unanimous show of hands vote.

3. IP Based Phone System

Richard McComas stated the county will be able to connect with the new Juvenile Justice Center's IP-based phone system, and the Information Systems Department will manage the county's phone system, instead of the county paying an outside source in the future. He stated this new system will allow the IS Department to maintain 1,000 phones in this system. He added this is not an additional appropriation, as the \$14,000 is already in the budget.

4. Fisher Ford Bridge Work

JP Douglas stated this was forwarded from the Transportation Committee, and would be a once- in a 100 year expenditure, and it will never be any cheaper to build it. He added that it is the county's task to maintain bridges and roads, and that we have let these people down.

County Judge Bob Clinard stated that he has talked with Ron Petree of Garver Engineering, and he has given an estimate of \$1.2 to \$1.45 million without engineering design. He stated that the first step would be to get a proposal from an engineering firm to do a design of the bridge and then get bids. JP Moore stated that he would suggest that the county put \$1.5 million in the 2012 Budget. JP Allen stated that some of the residents have said that they do not need an 80,000-pound load limit bridge; they just want to get across the river. JP Douglas stated that if the county is going to build a bridge, it needs to last 100 years. JP Curry stated that the 80,000-pound load limit is according to Department of Transportation standards, and will allow any vehicle to cross the bridge. County Judge Bob Clinard stated this is an important bridge, as it crosses the Illinois River, and it should be built to the highest standard, which is a 100-year bridge.

JP Winscott made motion to forward a recommendation to the Budget/Finance Committee to include \$1.2 million in the 2012 budget for the replacement of the Fisher Ford Bridge, seconded by JP Moore.

Motion passed by unanimous voice vote.

JP Jones asked that County Judge Bob Clinard be given approval to get started on an engineering study. County Judge Bob Clinard stated that it will take time to get the project started, and he would not be able to gather all of the information before the next Finance/Budget Committee meeting.

The Finance Committee voiced unanimous consent for County Judge Bob Clinard to proceed with getting an engineering study for the Fisher Ford Bridge.

JP Moore thanked the people living around the Fisher Ford Bridge for showing up and showing their support for building a new bridge.

5. Resolution: County General/Road Millage Rate:

Richard McComas stated that the Quorum Court adopts a resolution each year setting the millage rates in County General and County Road, as well as rate for voluntary taxes to be included in the county's levy ordinance. He said currently, the millage rate is 5.0 mills in the General Fund, and 1.9 mills in the County Road fund. He added that the voluntary tax is 2.0 mills for the Benton County Road fund and .02 mills for the Historical Preservation Commission.

JP Douglas made motion to forward the resolution request setting the county's millage rate to the November 8, 2011 Committee of Thirteen agenda, with a do pass recommendation, seconded by JP J. Harrison.

Motion passed by unanimous voice vote.

6. Appropriation Ordinance Request:

a) Sheriff/Jail, Vehicle-Additional Funds

Richard McComas stated this appropriation ordinance request is to replace a wrecked vehicle in the Jail Department, and that the insurance money that was returned needs to be appropriated back into the department.

JP J. Harrison made motion to approve and forward the appropriation ordinance request to the November 8, 2011 Committee of Thirteen agenda, seconded by JP Jones.

Motion passed by unanimous voice vote.

b) Road Department, Contract Road Work-Additional Funds

Richard McComas stated this appropriation ordinance request is to complete repairs on Slate Gap Road, Nokes Farm Road, and Nicodemus Road which were budgeted for 2010, but not completed until 2011.

JP Douglas made motion to approve and forward the appropriation ordinance request to the November 8, 2011 Committee of Thirteen agenda, seconded JP J. Harrison.

Motion passed by unanimous voice vote.

6. Sales Tax Numbers

Richard McComas reported that the county's sales tax numbers increased by 4.36% for the month, bringing the increase for the year to 2.8%. He stated the county received \$522,354 for the month, which is 23% below this same time last year, but is still ahead for 2011. He added that the county is on track to exceed the \$6.3 million in sales tax revenue that was projected in the 2011 budget.

7. Jail Collections

Richard McComas stated that \$1.6 million has been collected in Jail Collections, and they should be around \$1.9 million by the end of the year.

8. Fuel Analysis

Accounting Manager Sarah Daniels reported that to date, the Road Department is at 98% of their budget and the Sheriff's Department is on target at 83%. She reported that average costs for unleaded fuel have increased 25%, with a 29% increase for diesel. She reported that in October, 26,000 gallons of fuel was used in the Road Department, which is up from 19,000 gallons of fuel used in September.

9. Monthly Fund Summary

Sarah Daniels reported on the Monthly Fund Summary Report, stating that at this point in the year, budgets should be at 83%, and that the General Fund is at 76%. She added that all other funds are at 71% and operating under where they should be for this time of year.

JP Allen stated that everybody is doing a good job following their budgets.

JP Winscott asked where the county stands with the Capital Projects.

Richard McComas stated that the Juvenile Justice Center is 76% complete, less than \$100,000 has been spent on the West Side Road Facility at this time, and that 18% to 20% of what was budgeted has been spent on the Public Services Building, with over \$500,000 left in that budget. He stated that \$1.8 million is left in the Juvenile Justice Center budget, and \$600,000 in the West Side Facility budget. JP Winscott stated that he would like to see a report on the Capital Projects included in the next monthly summary. Richard McComas stated that he would include the report in the next monthly summary.

Richard McComas stated that \$600,000 has been appropriated for the Juvenile Justice Center in the 2012 budget.

10. Other Business

JP Allen announced that the next Finance/Budget meeting will be held Thursday, November 3, 2011 at 4:30 p.m.

JP Allen announced that the next regular Finance Committee meeting will be held Tuesday, December 6, 2011 at 5:30 p.m.

Upon motion and second the meeting adjourned at 7:47 p.m.